

CE 110053
Registration number 3842709 (England and Wales)

Martin Orgee Limited
Directors' report and financial statements
for the year ended 30 April 2005



Pinfields Limited
Registered Auditor
Chartered Accountants
Stourbridge

Martin Orgee Limited

Company information

Directors	J. van Kouterik D. Cawte (appointed 18 March 2005)
Secretary	J. van Kouterik
Company number	3842709 (England and Wales)
Registered office	Grosvenor Park Evesham Worcestershire WR11 1GA
Auditors	Pinfields Limited Registered Auditor Chartered Accountants 10 Hagley Road Stourbridge West Midlands DY8 1PS
Bankers	The Royal Bank of Scotland Plc 5 - 9 St Nicholas Street Worcester WR1 1VR

Martin Orgee Limited

Contents

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

Martin Orgee Limited

Directors' report for the year ended 30 April 2005

The directors present their report and the financial statements for the year ended 30 April 2005.

Principal activity and review of the business

The principal activity during the period under review was that of the sale of industrial valves and heating supplies.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		2005	2004
		or date of appointment	
J. van Kouterik		-	-
G.E. Phipps	(resigned 18 March 2005)	-	-
D. Cawte	(appointed 18 March 2005)	-	-

The directors do not have any disclosable interests in the company or any other group company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Martin Orgee Limited

**Directors' report
for the year ended 30 April 2005**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Pinfields Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

The directors recommend that Pinfields Limited remain in office until further notice.

This report was approved by the Board on ~~January 31, 2006~~ and signed on its behalf by


J. van Kouterik
Secretary

Martin Orgee Limited

Independent auditors' report to the shareholders of Martin Orgee Limited

We have audited the financial statements of Martin Orgee Limited for the year ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Martin Orgee Limited

Independent auditors' report to the shareholders of Martin Orgee Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pinfields Limited

Pinfields Limited
Chartered Accountants
Registered Auditor
10 Hagley Road
Stourbridge
West Midlands
DY8 1PS

Date:

3rd February 2006

Martin Orgee Limited

**Profit and loss account
for the year ended 30 April 2005**

		Continuing operations	
		2005	2004
	Notes	£	£
Turnover	2	1,783,770	1,583,481
Cost of sales		(1,193,761)	(1,068,741)
Gross profit		590,009	514,740
Distribution costs		(54,951)	(63,987)
Administrative expenses		(387,984)	(457,239)
Operating profit/(loss)	3	147,074	(6,486)
Other interest receivable and similar income		1,808	-
Interest payable and similar charges	5	(24,049)	(18,643)
Profit/(loss) on ordinary activities before taxation		124,833	(25,129)
Tax on profit/(loss) on ordinary activities	7	(43,037)	7,500
Retained profit/(loss) for the year		81,796	(17,629)
Retained profit brought forward		385,478	403,107
Retained profit carried forward		467,274	385,478

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 14 form an integral part of these financial statements.

Martin Orgee Limited

**Balance sheet
as at 30 April 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		167,250		178,400
Tangible assets	9		31,862		51,380
			<u>199,112</u>		<u>229,780</u>
Current assets					
Stocks	10	608,583		505,913	
Debtors	11	367,531		438,140	
Cash at bank and in hand		177,778		22,206	
		<u>1,153,892</u>		<u>966,259</u>	
Creditors: amounts falling due within one year	12	(335,630)		(409,087)	
Net current assets			<u>818,262</u>		<u>557,172</u>
Total assets less current liabilities			<u>1,017,374</u>		<u>786,952</u>
Creditors: amounts falling due after more than one year	13		(550,000)		(401,374)
Net assets			<u>467,374</u>		<u>385,578</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account			467,274		385,478
Equity shareholders' funds	15		<u>467,374</u>		<u>385,578</u>

The financial statements were approved by the Board on 31 May 2005 and signed on its behalf by


J. van Kouterik
Director


D. Cawte
Director

The notes on pages 7 to 14 form an integral part of these financial statements.

Martin Orgee Limited

Notes to the financial statements for the year ended 30 April 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	20%	reducing balance
Fixtures, fittings and equipment	-	20%	reducing balance
Motor vehicles	-	25%	reducing balance
Computer equipment	-	44%	reducing balance

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stock

Stock is valued at the lower of cost and net realisable value.

1.7. Cash flow statement

The company is a wholly owned subsidiary of Watts Industries Europe BV, a company registered in Holland and, as such, is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement.

Martin Orgee Limited

Notes to the financial statements for the year ended 30 April 2005

1.8. Deferred taxation

The charge for taxation takes into account, where material, taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation and other amounts written off intangible assets	11,150	11,150
Depreciation and other amounts written off tangible assets	13,737	18,942
Loss on disposal of tangible fixed assets	6,258	4,266
Operating lease rentals		
- Land and buildings	27,042	30,586
Auditors' remuneration	5,450	5,000
	<u>27,042</u>	<u>30,586</u>

4. Interest receivable and similar income

	2005	2004
	£	£
Bank interest	1,808	-
	<u>1,808</u>	<u>-</u>

5. Interest payable and similar charges

	2005	2004
	£	£
On amounts payable to group companies	21,769	14,811
On bank loans and overdrafts	-	546
Hire purchase interest	2,280	3,286
	<u>24,049</u>	<u>18,643</u>

Martin Orgee Limited

Notes to the financial statements for the year ended 30 April 2005

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2005	2004
Sales and administration	8	9
Directors	2	2
	<u>10</u>	<u>11</u>

Employment costs

	2005 £	2004 £
Wages and salaries	166,743	168,712
Social security costs	15,912	18,499
	<u>182,655</u>	<u>187,211</u>

6.1. Directors' emoluments

The directors are paid by other group companies and this information is disclosed in the accounts of those companies.

Martin Orgee Limited

**Notes to the financial statements
for the year ended 30 April 2005**

7. Tax on profit/(loss) on ordinary activities

Analysis of charge in period	2005	2004
	£	£
Current tax		
UK corporation tax	43,302	(7,119)
Adjustments in respect of previous periods	(265)	(381)
	<u>43,037</u>	<u>(7,500)</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	<u>124,833</u>	<u>(25,129)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 April 2004 : 30%)	37,450	(7,539)
Effects of:		
Expenses not deductible for tax purposes	394	(2,337)
Capital allowances for period in excess of depreciation	5,893	2,753
Adjustments to tax charge in respect of previous periods	(265)	(381)
Other adjustment	-	4
Current tax charge for period	<u>43,472</u>	<u>(7,500)</u>

Martin Orgee Limited

Notes to the financial statements
for the year ended 30 April 2005

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 May 2004 and at 30 April 2005	223,000	223,000
Provision for diminution in value		
At 1 May 2004	44,600	44,600
Charge for year	11,150	11,150
At 30 April 2005	55,750	55,750
Net book values		
At 30 April 2005	167,250	167,250
At 30 April 2004	178,400	178,400

9. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 May 2004	26,497	22,285	51,609	37,762	138,153
Additions	-	478	-	-	478
Disposals	(14,619)	-	-	(27,438)	(42,057)
At 30 April 2005	11,878	22,763	51,609	10,324	96,574
Depreciation					
At 1 May 2004	15,265	10,578	31,093	29,838	86,774
On disposals	(9,845)	-	-	(25,954)	(35,799)
Charge for the year	2,249	2,878	5,129	3,481	13,737
At 30 April 2005	7,669	13,456	36,222	7,365	64,712
Net book values					
At 30 April 2005	4,209	9,307	15,387	2,959	31,862
At 30 April 2004	11,232	11,707	20,516	7,924	51,379

Martin Orgee Limited

**Notes to the financial statements
for the year ended 30 April 2005**

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2005		2004	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Equipment	1,962	490	2,452	613
Motor vehicles	13,498	4,499	17,997	5,999
	<u>15,460</u>	<u>4,989</u>	<u>20,449</u>	<u>6,612</u>
 10. Stocks			 2005	2004
			£	£
Finished goods and goods for resale			<u>608,583</u>	<u>505,913</u>
 11. Debtors			 2005	2004
			£	£
Trade debtors			348,440	402,951
Other debtors			-	12,112
Prepayments and accrued income			19,091	23,077
			<u>367,531</u>	<u>438,140</u>
 12. Creditors: amounts falling due within one year			 2005	2004
			£	£
Net obligations under finance leases and hire purchase contracts			1,374	8,957
Trade creditors			256,066	349,721
Corporation tax			43,302	-
Other taxes and social security costs			15,875	15,736
Other creditors			-	8,757
Accruals and deferred income			19,013	25,916
			<u>335,630</u>	<u>409,087</u>

The net obligations under finance leases and hire purchase contracts are secured.

Martin Orgee Limited

**Notes to the financial statements
for the year ended 30 April 2005**

13. Creditors: amounts falling due after more than one year	2005	2004
	£	£
Amounts owed to group undertaking	550,000	400,000
Net obligations under finance leases and hire purchase contracts	-	1,374
	<u>550,000</u>	<u>401,374</u>
14. Share capital	2005	2004
	£	£
Authorised equity		
10,000 Ordinary shares of 1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>
15. Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit/(loss) for the year	81,796	(17,629)
Opening shareholders' funds	<u>385,578</u>	<u>403,207</u>
Closing shareholders' funds	<u>467,374</u>	<u>385,578</u>
16. Financial commitments		
At 30 April 2005 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Between one and five years	<u>-</u>	<u>26,255</u>
17. Related party transactions		

Under FRS 8 Related party transactions, the company is exempt from the requirement to disclose transactions with other Watts group undertakings on the grounds that the immediate parent company is a wholly owned subsidiary of Watts Industries Europe BV, and its results are included in that company's consolidated financial statements.

Martin Orgee Limited

**Notes to the financial statements
for the year ended 30 April 2005**

18. Ultimate parent undertaking

The ultimate parent company is Watts Water Technologies Inc, a company incorporated in the United States of America. Copies of the consolidated financial statements of this company are available from its offices at 815 Chestnut Street, North Andover, MA 01845, USA. The immediate parent company is Watts U.K. Limited, a company incorporated in England. Watts U.K. Limited is a wholly owned subsidiary of Watts Industries Europe BV, a company incorporated in Holland. Copies of the consolidated financial statements are available from Watts Industries Europe BV, Kollergang 14, 6961 LZ Eerbeek, PO Box 98, 6960 AB Eerbeek, Netherlands.